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Chairperson Alpert and Members of the Commission,

Information technology offers enormous opportunities to improve government services in a state such as ours with diverse industries, cultures, and communities. In California, one size will never fit all, and with the intelligent use of information technology, it doesn't have to. However, poorly planned information technology strategies can lead to endless confusion, massive waste, and significant disruptions in operations. IT acquisitions – because of their scale and specialization – can also produce openings for horrific special interest influence. If there is any aspect of state reorganization where the road sign should read, "Proceed With Caution," IT reform is it.

State employees are enthusiastic about the potential of expanded and improved IT operations in state government. In fact, we have created a statement of guidelines for IT reform that we are submitting to the Commission. This is the kind of proposal we would have made to the CPR process, if it had not been closed to union input. The record from other states shows that the way for California to provide better service, maintain security, control costs, and avoid snake oil systems is to rely on a dedicated, reliable, and competent state work force. That workforce offers the following recommendations for your consideration.

INFORMATION TECHNOLOGY STRATEGY

1) Develop a Unified Vision for Information Technology in State Government

California needs a comprehensive and unified vision of how information technology should be applied to state government. The vision should be based on the overriding goals of service to the public and the effectiveness of government operations. It should reflect the expectations of the state's residents, the expertise of its workers, and the foresight of its leaders. A vision can enunciate the extent to which the expansion of IT is envisioned as well as its priority in relation to other government objectives. Since trade-offs are unavoidable in the design of any expanding program, a vision can provide a foundation for deciding amongst multiple goals - such as the relationship between security and cost. It can also help insulate the IT plan both from partisan and/or ideological strategies and from the proposals of self-interested vendors.

2) Maximize improved customer service through e-government and employ IT to improve efficiency and effectiveness of state operations.

California residents can and should expect the same level of service through information technology from government that they can secure through private sector institutions. New opportunities to employ information technology should be encouraged,

evaluated, and vigorously implemented. At the heart of California's IT applications should be a customer focus. Access to government through IT should be available to the people of the state on a 24/7 basis. It should be achieved through a small number of portals offering links to multiple services. IT processes should be timely, convenient, seamless, and responsive to customer needs. Barriers to access should be reduced through an emphasis on simplicity and clarity as well a focus on multiple use credentialing. In addition, systems should be in place to handle the non-standard request that requires more specialized assistance.

Within government, new IT applications must meet the standards of cost effectiveness and improved performance. They should reduce the complexity of tasks and increase the speed of producing outcomes. They should be combined with efforts to re-organize and re-engineer operations. Where feasible, services should be tailored to the distinct requirements of different government units, such as those specializing in law enforcement or health care.

3) Centralize IT infrastructure and provide centralized service as a technological utility

State government departments should concentrate on performing their core business functions. As CIO J. Clark Kelso has observed, "there are precious few departments that can or should have IT as a core business activity." Following the successful models of Virginia and New York, California should develop central IT services, operated by a focused department. The result should be standard systems, interoperable across departments. In addition, the IT department should hold responsibility for establishing standards for most routine IT procurement, enabling the state to leverage its buying power.

To be effective, the central IT department must have the authority to enforce responsiveness to its decisions. Input from departments and users is essential. However, once final directions have been established, they must be consistently implemented.

4) Implement change through a stakeholder based, pragmatic strategy

While numerous states have developed different models to achieve IT reform, the more successful efforts tend to emphasize a participative management style that emphasizes collaboration and communication. This approach enhances the exchange of ideas and information and fosters buy-in from staff. IT initiatives are undertaken only after substantial planning. The organization's continuing commitment to its employees is emphasized, and workers are encouraged to become agents of change. Input into IT planning should be welcomed from both management and rank and file employees. In particular, should the state adopt new employment classifications designating highly skilled staff members to be at the "principal" level, these individuals should be encouraged to play a significant role in designing and reviewing new IT strategies.

States like Virginia and Pennsylvania that have received NASCIO awards for the innovative nature of their IT improvements demonstrate this collaborative approach and

apply it to stakeholders at all levels. For example, when Virginia directed its DMV to participate in VIPnet - a system providing information via the internet - executive management used the opportunity to restructure the department to make it more efficient. The project outcome was compulsory, but the agencies affected by the required changes were given freedom to determine how to implement the directives. This flexible strategy established a framework allowing staff to exercise creativity. In combination with the state's no layoff pledge and its commitment to cross train personnel, the strategy encouraged and produced positive participation by employees in the implementation of innovation and change.

5) Centralize planning, project development, and major expenditure management.

A central organizational unit should have responsibility for planning the state's major IT objectives, evaluating potential innovations, recommending investment priorities, reviewing vendor proposals, and approving major purchases. Its activities should be transparent and open to public oversight. This agency should have the assistance of a technical advisory group that includes both external sources and state personnel.

To provide checks and balances over major acquisitions (over \$10,000,000), the approval of the office of at least one statewide elected official other than the Governor should be required. The Office of the Controller would appear to be well situated to fulfill this role.

The planning unit should also determine standards for IT software and hardware purchased at the department level. It should be responsible for determining and sharing best practices. It should also establish standards for the skills and training of state personnel.

6) Maintain flexibility and capacity at the department level

Centralization must be balanced with a recognition of the diverse missions and needs of state agencies and the efficiencies generated by skills and specialization at the service delivery level. Certain departments have particularly unusual, business specific IT needs where reliance upon a general service provider would not be cost effective or produce quality service. Operational implementation of IT services should be accomplished by those most directly responsible for program performance. Procurement below a specified amount should be permitted at lower levels consistent with standards. Innovation and creativity at all levels should be consistently encouraged and rewarded

7) Establish clear benchmarks and objectives

IT initiatives should have specific, concrete and realistic objectives, linked to improved service to the public or greater efficiency of state operations. Measurable benchmarks should be structured to assure the ability to determine the extent to which objectives have been achieved. A fundamental component of every set of objectives should be customer satisfaction, and mechanisms providing for customer feedback should

be included in the project design whether the system serves the public at large or other state departments.

8) Protect the security of systems and data

Security of the state's IT systems should be a high priority. Not only is security essential to guarantee the privacy of residents and the stability of operations, it is necessary to protect the state from liability. Mechanisms need to be established to protect systems from disruption or interference and to restrict access to data to authorized personnel. Both state information and information concerning state residents and clients should be secure.

A primary strategy to achieve security goals is the reliance on state employees. As part of the hiring process, state personnel should pass appropriate background checks that increase in rigor for staff that play more significant decision-making roles.

9) Create and maintain a state IT workforce with current skills and expertise

The overwhelming preponderance of IT work performed for the State of California should be carried out by state employees. This goal assures the state of reliable staff committed to public service. It is also highly compatible with other components of this strategy including the objectives of a unified vision, high levels of security, cost effectiveness, and high ethical standards. In both Virginia and Delaware, state governments specifically replaced high priced IT consultants with state employees as part of large scale IT restructuring strategies to improve services and contain costs.

To maintain a capable work force, the state must offer adequate compensation, engage in serious recruiting activities, and produce training programs designed to sustain state-of-the-art skills. As part of an overall IT reform strategy, the CIO should establish baseline performance objectives for competitive personnel compensation and IT training.

10) Improve the cost effectiveness of IT operations

The state's goal should be long term savings through innovations and reforms of IT operations. In the short run, investments in staff, training, and infrastructure may require increased expenditures. However, the ongoing effects of these commitments should be superior service and cost savings.

11) Require high ethical standards in decision-making and management

Decisions regarding the planning of IT innovations, the purchasing of infrastructure, and the implementation of changes should be made in an open, and transparent manner. Conflicts of interest should be prevented, and regulations against favoritism should be enforced. To this end, the reliance on consultants with a financial incentive to recommend the products or services of specific firms should be avoided. Restrictions should be placed on "revolving door" patterns through which individuals

move back and forth between state service and private businesses, mixing their interests and allegiances.

12) Maintain a high commitment to training and staff development

State employees will be the key personnel that assure the success of an expanded IT program. To secure state-of-the-art performance from staff, training and staff development programs must receive increased emphasis. Apprenticeship systems should be instituted to enable new employees to gain experience and skills. Resources should be allocated to enable career staff to participate in lifelong learning classes. In those circumstances when specialized tasks require the use of consultants, contracts should require that state personnel be fully trained in the operation and maintenance of the new systems.

To encourage the fullest support by current employees of major changes in operations, the state should adopt a no lay-off pledge as was included in the award winning Virginia Information Technology Transformation Initiative. In addition, expanded training opportunities should be made available to personnel to facilitate transfer to new assignments.